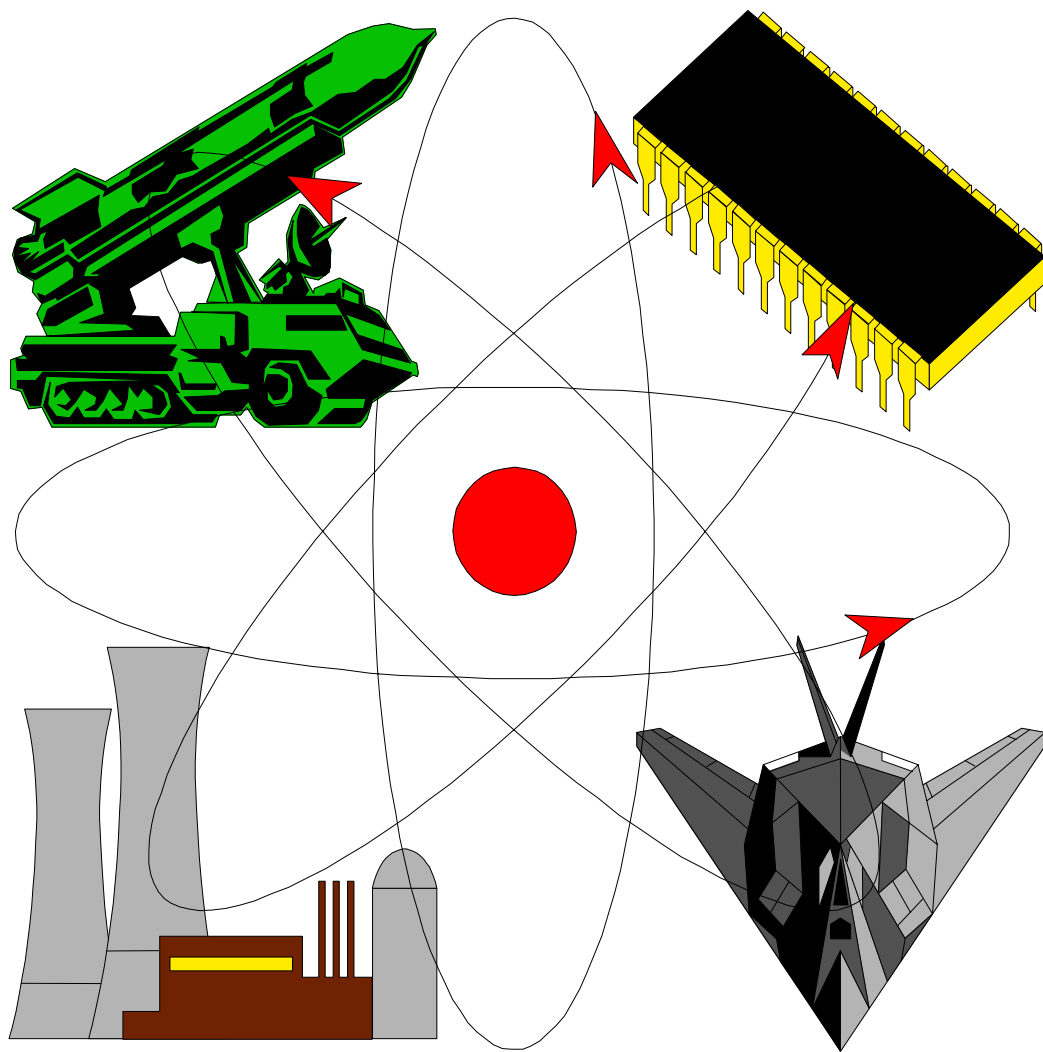


PROJECT GEMINI

A Partnership Between Government and Private Industry

May 2000

A GUIDE TO EXPORT ENFORCEMENT



U.S. CUSTOMS SERVICE

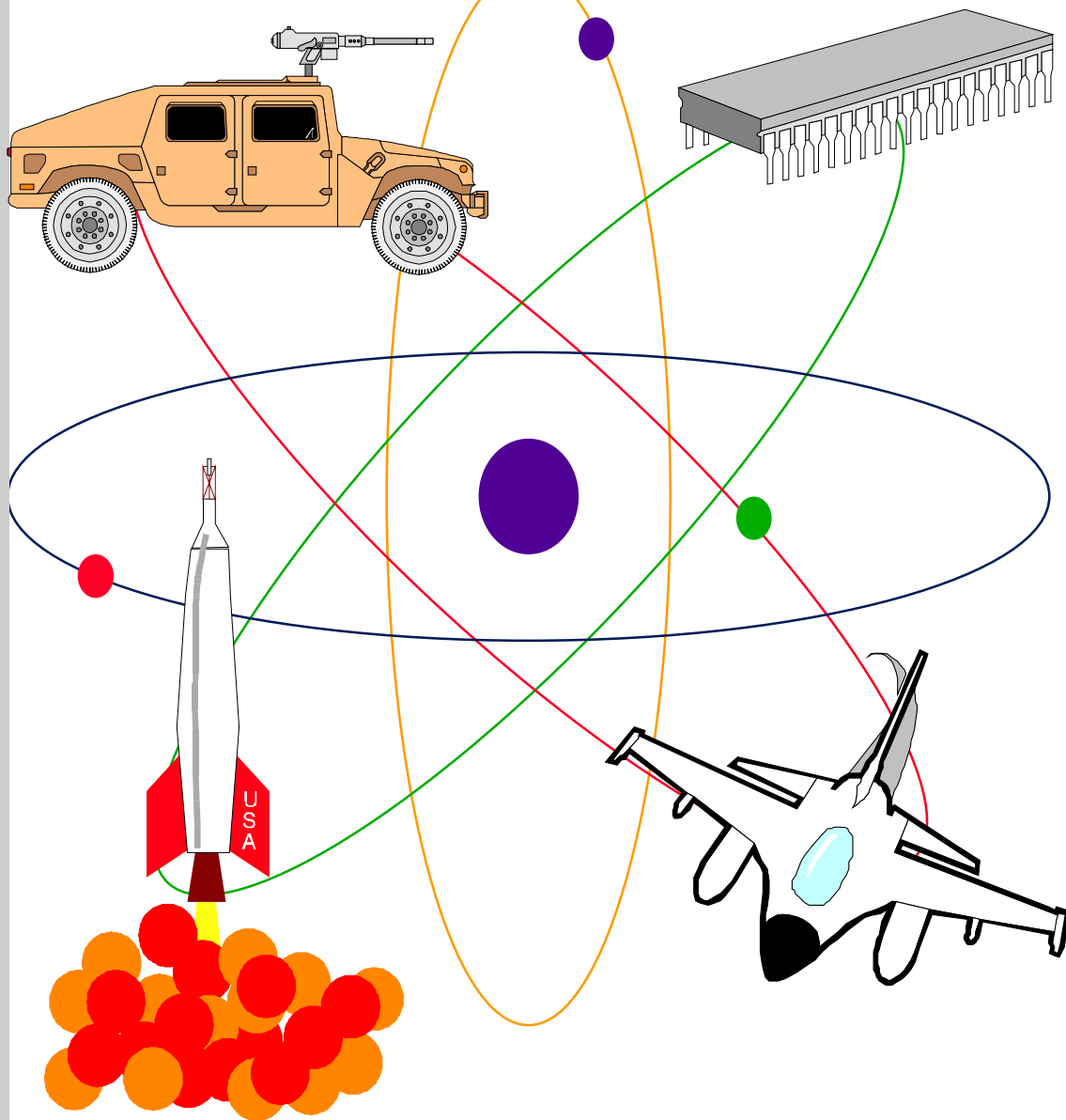
Office of Investigations

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U. S. CUSTOMS SERVICE

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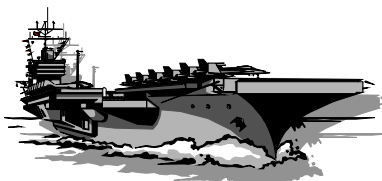
Introduction

As the nation's primary border enforcement agency, the United States Customs Service is responsible for enforcing laws regarding the exportation of strategic technology, commodities, and arms pertinent to the defense of the United States. The Customs Service also enforces economic embargoes of countries such as Iraq, Libya, and North Korea. Despite the dissolution of the Soviet Union and the Warsaw pact, illegal exports constitute a serious threat to U.S. national security. U.S. source arms, munitions, defense articles, and controlled technology continue to be in high demand among Middle East hostile nations, terrorist and para-military organizations, and narco-traffickers.

Operation EXODUS is an ongoing export enforcement program conducted by the U.S. Customs Service. The goal of Operation EXODUS is to prevent the proliferation of nuclear and missile technology, the acquisition of chemical and biological weapons, and the unlawful exportation or theft of proprietary and/or classified technical data. The EXODUS program is not intended to hinder legitimate U.S. exports. On the contrary, it was developed in part to protect the technological advantages that many U.S. companies have gained through years of research and ingenuity.

This booklet will hopefully serve two purposes. First, it will aid your company in complying with current U.S. export laws. Secondly, and perhaps more importantly, this guide will give your company a process for detecting and dealing with the attempted illegal acquisition of your product by hostile foreign governments or companies. Even the most seemingly insignificant product, routinely exported by your company, could be an essential component for a foreign military research program.

Those employees within your company responsible for export control should take the time to read this booklet. Only with the cooperation and diligent observance of the exporting community can we succeed in preventing the proliferation of advanced conventional weapons and weapons of mass destruction. If you have any specific export questions, or wish to report any suspicious inquiries, please do not hesitate to call the U.S. Customs office listed on page 15 of this guide.



The U.S. Customs Service, Protectors of Independence

The history of the United States Customs Service goes back almost as far as the history of the United States itself. The American Revolutionary War, which ended in 1783, was costly both in human and monetary terms, and a free but fledgling nation found itself struggling on the brink of bankruptcy. Thus, when the First Congress of the United States of America met in New York City on Wednesday, March 4, 1789, of paramount importance was to devise a plan to collect national revenue. It was James Madison of Virginia who proposed a duty on all imports and the creation of a federal agency to insure collection of the duties. This idea was eventually signed into law by President Washington as the Tariff Act of July 4, 1789.



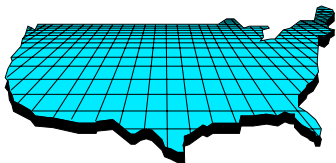
Special Agent seal, circa 1900

Following the Tariff Act of July 4, 1789, the First Congress created the U.S. Customs Service, established Customs districts and ports of entry, and prescribed the duties of Customs Officers. The U.S. Customs Service became the first fully formed federal agency and was placed under the Treasury Department, headed by the Secretary of the Treasury.

The first U.S. Customs duty was collected at the port of New York on August 5, 1789 and amounted to \$774.71. During its first year of service, U.S. Customs collected over two million dollars in duties for a burgeoning United States. By 1835, Customs revenues had reduced the national debt to zero. Prior to the 1913 enactment of the first federal income tax law, U.S. Customs was virtually the only source of income for the United States government. This income funded a period of spectacular growth and acquisition that is unparalleled in our history, which included the settling of the West, the purchase of the Louisiana and Oregon Territories, the purchase of Florida and Alaska, and the construction of the Transcontinental Railroad.

In addition to the assessment and collection of import duties, the U.S. Customs Service, with its authority to regulate the border, became the first federal law enforcement agency in the U.S. Prior to the inception of the Immigration and Naturalization Service, Customs managed the influx of immigrants seeking refuge in the United States. Customs was also the first agency to combat the importation of child pornography and illicit drugs. During Prohibition in the 1920's, Customs used air, water and ground interdiction to apprehend "rumrunners" and their smuggled liquor. Also, for over a century, Customs has protected American manufacturers through the seizure of illegally imported counterfeit goods.

As America has developed into a major world power, the U.S. Customs Service has grown with it, assuming more extensive and complex responsibilities in its battle to protect America's borders and the American way of life.



U.S. Customs Service

The Commissioner of Customs has reorganized the Customs

Service in an effort to address the current threat environment, facilitate a move to process oriented management, and allow adaptation to an environment of continuous change. Ten Assistant Commissioners Offices have been created to organize, manage and operate the Customs Service in a more efficient manner that emphasizes customer service. The Office of Investigations and the Office of Field Operations are crucial to protecting American Industry and enforcing the export control laws.

OFFICE OF INVESTIGATIONS

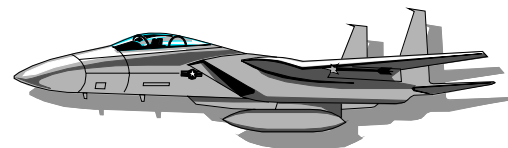
Special Agents from the Office of Investigations work directly with Inspectors and Import Specialists to detect violations of laws enforced by Customs, but a all criminal investigations after that point are conducted by the Special Agents. Special Agents often develop their own cases, however, through the use of confidential informants and sources of information in the private sector. In conducting criminal investigations, Special Agents are responsible for gathering all evidence in accordance with U.S. laws. They use a myriad of resources to do this, including public records, law enforcement data bases, physical surveillance, electronic monitoring, subpoenaed records, interviews, and search warrants. Cases are often worked jointly with the DEA, FBI, INS, ATF and/or IRS. Special Agents work with Assistant U.S. Attorneys to prosecute criminal cases in federal court. In the area of exports, Special Agents primarily seek to identify and prosecute procurement networks that have been set up to obtain and illegally export U.S. military and high technology items.

OFFICE OF FIELD OPERATIONS

With few exceptions, anything or anyone crossing the United States border is subject to search by Customs Inspectors. Uniformed Customs inspectors inspect luggage and passengers at international airports, inbound and outbound cargo on vessels and aircraft, incoming mail parcels from foreign countries, and vehicles crossing the Canadian and Mexican land borders. All of this is an important deterrent to the smuggling of narcotics, unreported currency, and other contraband. With only 6,500 Inspectors, only a fraction of people and goods crossing some 300 ports of entry in the U.S. can be inspected. To make the most of their resources, Customs uses specialized teams and canines to target narcotics smuggling, fraudulent importations, and the unlawful exportation of unreported currency or regulated merchandise.

Import Specialists are responsible for appraising, classifying, and assessing duties on merchandise imported into the U.S. Import Specialists aid legitimate American manufacturers by curtailing the fraudulent business practices of illegitimate foreign and domestic companies. Types of fraudulent declarations regarding imported goods include undervaluation, misclassification, stating lower than actual quantities, or falsifying the country of origin. These fraudulent schemes are usually committed in an effort to avoid quota restrictions or to lower the amount of duties paid. By doing this, these illegitimate companies hope to reduce the cost of their products in the U.S., thus giving them an unfair advantage over a competing company.

Operation Exodus



Operation EXODUS is an ongoing export enforcement program conducted by the U.S. Customs Service. The main goal of Operation Exodus is to stop the illegal export of U.S. Defense articles and strategic technologies to proscribed destinations.

Operation EXODUS began in 1981, primarily as a reactive effort to stem the flow of U.S. high technology and dual-use commodities (items designed for commercial use which also have military applications) to the Soviet Union. Today, with the breakup of the Soviet bloc and heightened tensions in the Middle East, the focus of Operation EXODUS has shifted to that of non-proliferation, in an effort to stop the military expansion of aggressive Third World Countries and terrorist Organizations. **The present focus of Operation EXODUS is to prevent the proliferation of nuclear and missile technology, the acquisition of chemical and biological weapons, and the unlawful exportation or theft of proprietary and classified or strategic technical data¹.** The last element was designed in part to protect American industry from the theft and use of its trade secrets by competing foreign manufacturers.

To accomplish its goals, Operation EXODUS has to be responsive to the shifting needs of both allies and emerging countries as they strive to obtain technology and expertise to further their industrial development programs. To do this, U.S. Customs has established a liaison program with several intelligence agencies to identify the current types of U.S. technology and goods being sought, the methods by which foreign countries will seek to obtain them, and the areas which would most compromise our national security. Also, because export violators tend to insulate themselves through multiple overseas transshipments, U.S. Customs Attachés, in some twenty-six foreign Customs offices, conduct collateral investigations and work with foreign law enforcement officers. Finally, through covert investigative operations, Customs Special Agents seek to identify, expose, and prosecute the members of procurement networks which have been established solely to obtain and unlawfully divert critical U.S. technology.

In seeking to both gather and provide information, **Project GEMINI** was established to increase public awareness of the importance of export controls, and to seek the cooperation of the high technology manufacturing community. Through Project GEMINI, liaisons are established between U.S. Customs Special Agents and high technology manufacturers. Through this relationship, the manufacturers can learn to improve their export controls while maximizing export sales. Manufacturers are also encouraged to report all suspicious export inquiries to a U.S. Customs Special Agent; a subsequent criminal investigation may not only protect U.S. national security, but may benefit the manufacturer by protecting its reputation, by stopping the exportation of its trade secrets, or by stopping the unlawful business practices of a competing foreign company.

¹"Technical data" refers to software or technology (specific information related to the development, production, or use of a product). Any shipment, release, or transmission of technical data from the U.S. to a foreign destination (including a foreign national visiting the U.S.), whether by mail, telephone, fax, modem, instructional conference, or otherwise is considered an export, and may be subject to export controls.



Licensing Requirements

Exports are controlled by several government agencies. The controlling agency is determined by the type of commodity being exported. The Department of State regulated the exportation of defense articles and defense services as well as classified and unclassified technical data. The Department of Commerce regulates the exportation of dual-use commodities and unclassified technical data. The Department of Treasury, Office of Foreign Assets Control, controls exports to countries which have been sanctioned or embargoed by the United States. Other agencies involved in export licensing include the Drug Enforcement Administration, Department of Energy and the Nuclear Regulatory Commission. **Although these agencies are responsible for issuing export licenses and maintaining export regulations, the U.S. Customs Service is the primary agency which enforces these export regulations and investigates violations of export laws².**

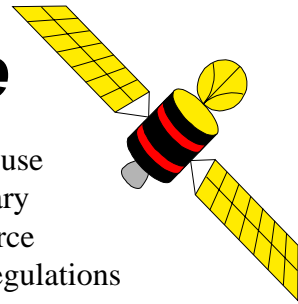
All exports from the U.S. must be made under a validated license or under a specific license exception (NLR). The need for a validated license is determined by the type of item being exported, the country of final destination and the end-use of the product. The same information will determine the appropriate licensing agency. The NLR exception requires no prior authorization and no written license is issued. An individual validated license, on the other hand, requires written approval from the issuing agency prior to export, and a formal written license is issued. An individual validated license is valid only for that "individual" transaction (i.e. only for a specific quantity or value of product to be shipped from a certain manufacturer to a specific consignee). Most applications for a validated license also require support documentation, which usually includes an end-use statement by the ultimate consignee. Besides stating the end use of the controlled product, an end-use statement also declares that the product will not be re-exported or incorporated into an end product that would be sold to an unauthorized country.

Because of recent proliferation concerns, the export of even the most basic product requires a validated license if the end use is for nuclear, missile, chemical weapon or biological weapon research, development or production. The burden is on the exporter to determine the end use of a product before shipment. Also, it is a violation of federal law to sell any item domestically with the knowledge that the item will be illegally exported.

A Shipper's Export Declaration (SED) is a statement from the exporter or his duly authorized agent that is filed with U.S. Customs, and declares permission (from the exporter) to export the items listed on the SED to the consignee listed on the SED. Generally, an SED must be filed for exports made under a validated license, for exports to proscribed countries regardless of license type or value of shipment, and for exports valued at greater than \$2,500, even if made under a general license.

² In the United States, the Department of Commerce has joint jurisdiction with the U.S. Customs Service in investigating violations of the Export Administration Regulations (EAR). See the following sections on the Department of Commerce and the EAR for more details.

Department of Commerce



The U.S. Department of commerce regulates the exportation of dual-use commodities (items or services that have both commercial and military applications) and related technical data. The Department of Commerce publishes its export regulations as the U.S. Export Administration Regulations (EAR).

The main part of the EAR is the Commerce Control List (CCL), which is a list of items controlled by the Department of Commerce. Within the CCL, each type of item is classified by a unique Export Control Classification Number (ECCN). To determine an item's ECCN, the item's technical specifications are compared against the same type of item in the CCL. **If the item is not in the CCL, or the item's technical specifications do not fall within the parameters stated within the CCL, then the item is not controlled by the Department of Commerce (the item may be controlled by another agency, however).**

The burden of classifying items is on the exporter, but the Department of Commerce will give official ECCN determinations in response to written requests. The written request must contain sufficient technical specifications to enable classification of the product, along with a recommended classification by the exporter or an explanation of the ambiguities in the EAR that preclude classification by the exporter.

Once an ECCN has been determined for an item, the ECCN, along with the destination of the item, will determine whether a general license is acceptable or if a validated license is required. Again, because of recent proliferation concerns, the export of even the most basic product to any country requires a validated license if the end use is for nuclear, missile, chemical weapon or biological weapon research, development or production.

Special Agents for both the U.S. Customs Service and the Department of Commerce conduct investigations involving criminal (intentional) violations of the EAR. Additionally, the Department of Commerce can impose administrative sanctions and/or fines for violations of the EAR that do not meet criminal standards.



The Department of Commerce, Bureau of Export Administration conducts introductory seminars to explain the licensing provisions of the EAR and how to use the EAR. More advanced seminars present guidelines for setting up an Export Management System, and explain the specialized export requirements for certain types of products. For information on attending the BXA seminars, or on ordering copies of the EAR, contact the Department of Commerce, Bureau of Export Administration listed on page 15 of this brochure.



Department of State

The Department of State, Office of Defense Trade Controls (ODTC), regulates the exportation of defense articles, defense services, and related technical data. The ODTC publishes its regulations as the International Traffic in Arms Regulations (ITAR). The ITAR contains a list of all items controlled by the ODTC, entitled the U.S. Munitions List (USML). **If an item or service is on the U.S. Munitions List, it is considered a defense item or service, and requires an individual validated license for export.**

Any person or business in the U.S. that manufactures or exports defense articles, or furnishes defense services, is required to register with the ODTC. This is a one-time registration, and export licenses will not be granted from the Department of State unless the applicant is a registrant with the ODTC.

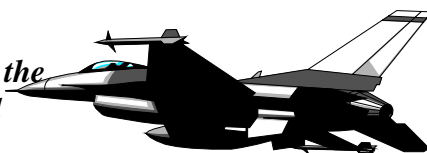
Unlike the Department of Commerce, the Department of State does not issue general licenses. A validated export license issued by the Department of State is valid for four years. The license expires when the total value or quantity authorized has been shipped or when the date of expiration has been reached, whichever occurs first. The exporter is required to file the license with the U.S. Customs District Director at the anticipated port of exit before any product is shipped. Unused, expired, expended, suspended, or revoked licenses must be returned immediately to the Department of State.

The ITAR states that licenses for exports of defense articles or related technical data to the following countries will be denied: (see ITAR 22CFR126.1 for a current listing of proscribed countries)

Afghanistan	Cuba	Pakistan	Zaire
Angola	Haiti	Rwanda	
Armenia	India	Somalia	
Azerbaijan	Iraq	Sudan	
Belarus	Liberia	Syria	
Burma	Libya	Tajikistan	Fed. Rep. Of Yugoslavia
China(PRC)	Nigeria	Vietnam	- Serbia
Cyprus	North Korea	Yemen	- Montenegro

The ITAR contains a section of interpretations and explanations of the items on the USML. If after consulting this section, an exporter is still in doubt as to whether an item is covered by the USML, the exporter should request an official commodity jurisdiction statement from ODTC. The request should contain the manufacturer's technical specifications for the product and a history of the products design, development and use. The commodity jurisdiction statement from the ODTC will state whether that item is on the USML or is subject to control by another agency.

As a general rule, if an item is specifically designed, modified or developed for military use, it is controlled by the Department of State and requires an individual validated license for export.



Export Management System

An Export Management System (EMS) is a mechanism within a company that provides safeguards at key points of the export process, and is designed to ensure compliance with U.S. export laws while still maximizing company sales.

Elements of an Export Management System include the following:

- (1) A policy statement which shows senior management's commitment to export control;
- (2) Identification of positions within the company responsible for export control;
- (3) An up-to-date training program for employees with export responsibilities;
- (4) A program for maintaining records in compliance with export regulations (the EAR and ITAR require that an exporting company keep all export records for a minimum of five years);
- (5) Periodic internal review of the EMS; and
- (6) A procedure for dealing with violations and/or non-compliance of export regulations.

The best procedure to follow when questions arise concerning a suspicious transaction or lack of cooperation by a customer concerning export compliance is:

- (1) Do not alert the customer.
- (2) Get as much information as you can regarding the customer without arousing suspicions (such as a call-back number, name and address).
- (3) Immediately thereafter, contact a Special Agent with the U.S. Customs Service who will work with your company.

Remember, by merely turning away a suspicious customer, that customer will more than likely be able to attain the same type of product from another company which does not maintain the same level of export compliance. By working with the U.S. Customs Service to apprehend violators of export laws, you are preserving the security of the United States by preventing hostile or unstable countries from attaining items needed in their weapons research, development or production programs.



Export Control Laws

Following are the most commonly enforced U.S. export control statutes:

Export Administration Act (EAA), 50 USC App. 2401-2420

The EAA regulates the export of strategic dual-use goods and technologies from the United States. The EAA authorizes export controls for three reasons: national security, foreign policy, and short supply. As an example, for national security reasons, the EAA authorizes the executive branch to restrict exports “which would make a significant contribution to the military potential of any other country or combination of countries which would prove detrimental to the United States.” Under the EAA, the executive branch has delegated its power to authorize export controls to the Secretary of Commerce. The Department of Commerce publishes its regulations implementing the EAA as the Export Administration Regulations (EAR). As previously discussed, the EAR contains the Commerce Control List (CCL), which is a list of items controlled by the Department of Commerce under the EAA. The EAR states that no item on the CCL may be exported to any destination without a validated license issued by the Commerce Department, except where the export is specifically authorized under a general license or other authorization.

The EAA contains several penalty provisions and a criminal forfeiture provision. The EAA criminalizes knowing and willful violations of the act (most typically unlicensed exports), as well as attempts, conspiracies, possession of goods or technology with the intent to illegally export them, and any actions taken with the intent to evade the provisions of the EAA. *The penalty for a single violation of the EAA, upon conviction, is up to \$1,000,000 incorporate fines (or five times the value of the export, whichever is greater), up to \$250,000 in individual fines, and/or up to ten years imprisonment.*

Arms Export Control Act (AECA), 22 USC 2778

The AECA regulates the export and import of defense articles and services and related technical data from and into the United States. The AECA authorizes the President to designate the items which are to be considered defense articles and services, to require licenses for the export of these articles and services and to promulgate regulations for the import and export of these articles and services. This power has been delegated to the State Department, Office of Defense Trade Controls (ODTC). As previously discussed, the ODTC publishes its regulations as the International Traffic in Arms Regulations (ITAR). The ITAR contains a list of all items controlled by the ODTC, entitled the U.S. Munitions List (USML). If an item or service is on the USML, it is considered a defense item or service, and requires an individual license from the ODTC for export to all destinations.

Under the ITAR, the following five activities are considered an export:

- (1) Sending or taking defense articles out of the U.S. in any manner,
- (2) Transferring registration or control of any defense article to a foreign person, whether in the U.S. or abroad;
- (3) Sending or taking technical data outside of the U.S.;
- (4) Disclosing or transferring technical data to a foreign person, whether in the U.S. or abroad;
- (5) The performance of a defense service on behalf of, or for the benefit of, a foreign person, whether in the U.S. or abroad.

The AECA criminalizes knowing and willful violations of the act (most typically unlicensed exports), false statements or omissions of required facts in a registration or license application, attempted illegal exports, and failure of defense exporters to register with the ODTIC. *The penalty for a single violation of the AECA, upon conviction, is up to \$1,000,000 in fines and/or up to ten years imprisonment.*

International Emergency Economic Powers Act (IEEPA) 50 USC 1701-1706

Trading With the Enemy ACT (TWEA), 50 USC App. I et seq

The IEEPA and TWEA, with certain exceptions, give the President broad authority to regulate exports and other international transactions in times of national emergency. Controls under these acts originate as an executive order declaring a national emergency based on an unusual and extraordinary foreign threat to the national security, foreign policy, or economy of the United States. After the executive order is issued, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) is responsible for regulating the controls/sanctions under IEEPA and TWEA. OFAC publishes new regulations in the Federal Register, eventually to be codified at 31 CFR 500-599. The OFAC regulations require exporters, importers and others under U.S. jurisdiction to obtain OFAC licenses prior to engaging in any type of commercial transaction with the targeted country or its nationals.

Presently, the following countries have OFAC export sanctions under IEEPA and/or TWEA:*

Angola, Cuba, India, Iraq, Libya, North Korea, Pakistan, Sudan and Iran*****

No U.S. products, technology, or services (including brokering) may be exported to these countries or their nationals, either directly or through third countries.

Exceptions requiring an OFAC license are goods and services sent to meet basic human needs and informational material such as publications. These sanctions affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the U.S., and all branches and subsidiaries of U.S. organizations throughout the world. *The penalty for a single violation of these sanctions, upon conviction, is up to \$1,000,000 in corporate fines, up to \$250,000 in individual fines, and/or up to ten years imprisonment, with the exception of the Iraq sanctions which allow up to \$250,000 in civil penalties and twelve years imprisonment.*

*OFAC should be consulted for a current listing of embargoed countries

** UNITA arms embargo only

***Iran sanctions effective May 1995



Export-Related Offenses

Two additional offenses commonly charged in export cases are money laundering and false statement.

Money Laundering, 18 USC 1956-1957

Congress enacted the federal money laundering statutes to impose severe penalties upon persons who knowingly engage in transactions which involve the proceeds of certain specified unlawful activities. These statutes make conduct (such as engaging in a financial transaction affecting interstate or foreign commerce), which is otherwise lawful, criminal if done with illicit money or for an illicit purpose. The money laundering statutes enumerate specific offenses, or specified unlawful activities, which are the only offenses that can give rise to a money laundering charge. Because of the national security concerns of strategic export violations, Congress included the four major export control laws previously discussed (EAA, AECA, IEEPA and TWEA) in the list of specified unlawful activities for money laundering.

The specific money laundering charge most commonly invoked in export cases is section 1956(2)(a). That section states:

Whoever transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States with the intent to promote the carrying on of specified unlawful activity shall be sentenced to a fine of \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, whichever is greater, or imprisonment for not more than twenty years, or both.

Other federal statutes also allow for the seizure and forfeiture of any real or personal property involved in, or traceable to, any actual or attempted transaction in violation of the money laundering statutes

False Statement, 18 USC 1001

The EAA and AECA contain their own false statement provisions with more severe penalties than this general false statement statute. However, 18 USC 1001 is often charged in export cases involving false statements on a Shipper's Export Declaration (SED) or on an export license application. On both of these documents, the exporter is required to specifically describe the items to be exported, the country of ultimate destination, and the value of the shipment. Section 1001 states that, "*Whoever, in any matter within the jurisdiction of any agency of the United States knowingly and willfully falsifies, conceals or covers up a material fact, or makes any false, fictitious or fraudulent statements or representations...shall be fined not more than \$10,000 or imprisoned not more than five years, or both.*" The specific intent requirement of this statute requires that the defendant act "knowingly and willfully". However the courts have held that "deliberate ignorance" or "willful blindness" is enough to satisfy this requirement.

Economic Espionage



Economic Espionage Act of 1996, 18 USC 1831-1839

In 1996, in an effort to further protect U.S. businesses from the loss and theft of trade secrets and intellectual property rights, e.g. patents, trademarks, and copyrights, Congress enacted The Economic Espionage Act of 1996.

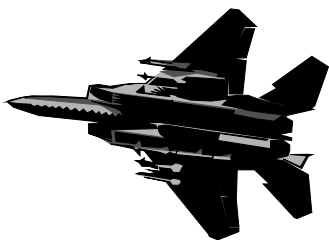
The Act, which was signed by the President on October 11, 1996, is intended to protect “trade secrets.” The Act defines a trade secret as financial, business, economic, scientific, technical, and engineering information which its owner has taken reasonable measures to keep secret, and which derives actual or potential independent economic value from not being readily known or available to the public.

The Act provides criminal penalties for:

- A. The theft, unauthorized duplication, transfer, or receipt of a trade secret, with the intent or knowledge that the offense will benefit a foreign government, foreign instrumentality (including both governmental agencies and private corporations), or foreign agent. See 18 USC 1831; and
- B. The theft, unauthorized duplication, transfer or receipt of a trade secret which is related to or included in a product produced for or placed in interstate or foreign commerce, with the intent to convert that trade secret to the economic benefit of anyone other than its owner and with the intent or knowledge that the offense will injure the owner of the trade secret. See 18 USC 1832.

The U.S. Customs Service investigates violations of this Act involving the theft, unauthorized duplication, transfer or receipt of trade secrets for the benefit of a foreign government, foreign instrumentality, or foreign agent.

The Customs Service coordinates its investigations under this Act with the Federal Bureau of Investigation which has principal investigative responsibility for domestic violations of the Act.



Indications of Potential Illegal Exports

The U.S. Customs Service, Office of Investigations solicits the assistance of private industry to provide information relating to suspicious circumstances surrounding the acquisition of high technology items or services. Listed below are some of the possible indicators of an illegal export or diversion.

- The customer is willing to pay cash for a high value order rather than use a standard method of payment, which usually involves a letter of credit.
- The customer is willing to pay well in excess of market value for the commodities.
- The purchaser is reluctant to provide information on the end-use, or end-user, of the product.
- The end-use information provided is incompatible with the customary purpose for which the product is designed.
- The final consignee is a trading company, freight forwarder, export company, or other entity with no apparent connection to the purchaser.
- The customer appears unfamiliar with the product, its application, support equipment, or performance.
- The packaging requirements are inconsistent with the shipping mode or destination.
- The customer orders products or options that do not correspond with their line of business.
- The customer has little or no business background.
- The order is placed by firms or individuals from foreign countries other than the country of the stated end-user.
- The order is being shipped via circuitous or economically illogical routing, such as through Canada to a non-Canadian end-user.
- The customer declines the normal service, training, or installation contracts.
- The product is inappropriately or unprofessionally packaged (e.g. odd sized/re-taped boxes, hand lettering in lieu of printing, altered labels, or labels that cover old ones).
- The size or weight of the package does not fit the product described
- "Fragile" or other special markings on the package are inconsistent with the commodity described.



Who to Call?

If you wish to report any suspicious export inquiries, or desire a Project Gemini presentation on export controls for your company, please contact the following U.S. Customs office:

U.S. Customs Service, Office of Investigations

If you have questions regarding licensing requirements or procedures, please contact:

U. S. Department of State
Office of Defense Trade Controls
Washington, DC 20520
(202) 663-2700

U. S. Department of Commerce
Office of Export Administration
Washington, DC 20230
(202) 482-4811 (www.bxa.doc.gov)

U. S. Department of Treasury
Office of Foreign Assets Control
Washington, DC 20220
(202) 622-2520 Fax: (202) 622-0077

One of the intended purposes of this booklet is to provide exporters with a single, easy to understand document that summarizes current U.S. export controls and the U.S. Customs Service's role in enforcing these controls. In light of this purpose, efforts have been made to ensure the accuracy and completeness of the information contained herein. This introductory guide, however, is not a substitute for the actual laws and regulations, which are more detailed and impose additional requirements.

Further, the country-specific export sanctions cited in this booklet are current only up to the date on the cover. These type of sanctions are frequently enacted, repealed, or amended as the relationship of the United States to these countries changes. New sanctions or changes to existing sanctions are published in the Federal Register.

Information in this booklet does not constitute legal advice or Customs Service determination for specific exports. Specific legal questions should be directed to private counsel. Since laws and regulations change often and may vary from jurisdiction to jurisdiction, it is important to check the timeliness and applicability of the laws and regulations cited in this guide. No express or implied guarantees or warranties are made herein.

Basic Export Flowchart

